



**Testimony**

**of**

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**for the**

**Subcommittee on Trade**

**of the**

**Committee on Ways and Means**

**Hearing on**

**“Promoting Sustainable Environmental Practices through Trade  
Policy”**

**December 14, 2022**

## **Introduction**

On behalf of the United Steelworkers and President Tom Conway, I wish to thank Chairman Blumenauer and Ranking Member Smith for this opportunity to testify today. As the 117<sup>th</sup> Congress closes and with the 118<sup>th</sup> Congress just around the corner, the topic of today's hearing on trade and the environment is an excellent launching point toward approaching global trade discussions. Our union is the largest manufacturing union in North America, representing workers in nearly all of the energy intensive, trade exposed (EITE) sectors including steel, paper, glass, rubber, refining, aluminum, cement, and many more. We have long been engaged on both trade policy and environmental policy because both are inherently economic policy that impacts our members jobs.

What is the first thing you think about when you consider the environment? For me, it has been the communities I've been connected to during my working life. Some of my fondest, and also hardest memories, are formed in part by the choices of past elected leaders trying to ensure that our government protects our communities, our workers, and our land. One of my earliest work experiences is from the six summer seasons, processing wild Alaskan Salmon for domestic consumption and export near the Tongass National Forest, where years of federal and state policy have attempted to make a sustainable fisheries harvest. I once was one of some 27,000 workers at 160 shore-based locations that today processes over 5 billion pounds of seafood, worth about \$3 billion in global exports.

It is the public lands and water ways in Montana where I hunted and recreated on growing up. Our country's lands fueled timber for the paper mill where I, along with 450 other paper workers, would work twelve hour rotating shifts. The Clean Water Act and Clean Air Act ensured families could float by the mill and still catch and eat wild trout as the Clark Fork River meandered to the Columbia River Basin.

Trade policy has impacted me very personally. Those 450 paper workers in Montana no longer make the inside and outside of cardboard boxes, in part because of previous Congressional decisions related to trade. Because of that trade impact, however, Trade Adjustment Assistance (TAA) aided me in re-tooling for my current career.

These experiences and my union have educated me to believe that we must extend our nation's expectations of industry across our global commitments, while defending and bolstering our workers against anti-competitive trade practices. When it comes to trade we need to ensure workers' wages, hours, and working conditions are not the "advantage" in "comparative advantage", which many free market economists casually say in sterile and naïve analysis of global trade. We also need to ensure that environmental practices, including unchecked or excessive chemical exposure, air and water pollution, and greenhouse gas (GHG) emissions do not give industry in other countries a competitive advantage.

Trade policy, if done correctly, must tackle more than tariff rates and market access. Congress and the Biden Administration are grappling with these issues in real time and it is the union's hope that this testimony will, by going over some of the current initiatives and possible opportunities, aid this sub-committee's work in a bipartisan fashion to ensure their success, and ultimately create a trade agenda where everyone in this room can look a worker in the eye and unequivocally say, we are making people's lives better.

### **Global Air and Water Quality**

In 2020, the International Trade Administration at the Department of Commerce produced a key report on both the challenges and opportunities related to the global market for environmental technologies goods and services. The report highlights the nearly \$700 billion in export potential for environmental goods and technologies, but for the union, the report also highlighted a more ominous series of statistics.<sup>1</sup> The lack of basic clean air and water services that communities in some of our largest trading partners are experiencing.

In Vietnam, industrial wastewater treatment has emerged as a critical need as approximately 75 percent of wastewater is being discharged into lakes and rivers without treatment. Congress needs to recognize that the third largest exporter into the U.S. is poisoning their citizen's air and water ways because corporations want to simply bring cheap goods into one of the largest consumer market – the United States.

85 percent of India's coal-fired power plants employ subcritical technology, average efficiency for the generating fleet is currently less than 35 percent. When 70 percent of power generation in India is from not just coal power, but inefficient coal power, we are literally allowing our country's \$45.5 billion negative trade balance with India to fuel climate change on top of the negative employment implications that come from long term trade imbalances.<sup>2</sup>

Indonesia's sewage treatment coverage is one of the lowest in the world. Only one percent of total urban wastewater and four percent of total urban septage in the country was collected and treated in 2013.

This pollution needs to be considered an illegal industrial subsidy, and U.S. workers and their employers should not have to compete against this environmental degradation without properly accounting for its cost. To give perspective: Since the passage of the U.S. Clean Water Act, government and industry have invested over

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<sup>1</sup> [U.S. DOC International Trade Administration](#), "2019 Top Markets Report Environmental Technologies: A Market Assessment Tool for U.S. Exporters", April 2020.

<sup>2</sup> [U.S. DOC International Trade Administration](#), "India – Country Commercial Guide", September 7, 2022.

\$1 trillion to abate water pollution, roughly \$100 per person per year. While challenges remain domestically, we have made marked improvements in our water quality.<sup>3</sup>

Any member of our union who works in an energy intensive, trade exposed industry will tell you that fair trade must include mechanisms that replicate and encourage our high domestic standards internationally. This cannot just be trade facilitation initiatives, but also methods to hold firms, importers, and countries accountable for this pollution outsourcing. We need to allow workers, both domestically and globally, to have access to remedies against industrial polluters. For example, recent trade mechanisms in the United States Mexico Canada Agreement (USMCA) must be extended to address bad actors and ensure foreign governments and multi-national corporations treat communities with the same care we expect for our citizens. Indeed, the seeds of the USMCA's Rapid Response Labor Mechanism were sown in the U.S.-Peru free trade agreement (FTA) in the Annex on Forest Sector Governance. Congress used this Peru model as a starting point for the USMCA's Rapid Response Mechanism in its negotiations with the previous administration.<sup>4</sup>

Besides setting achievable standards for economically developing countries to meet, the union urges that our current and future trade initiatives negotiate Rapid Response Mechanisms (RRM) for both labor and environmental pollution. The USMCA RRM's six petitions have resulted in timely and targeted enforcement action allowing workers in Mexico to improve their working conditions. These petitions provide an opportunity to reduce workplace abuses in Mexico, and allow workers in the country to improve pay and benefits. We should look to expand and improve on this model. Simply, if a company is violating workers' rights, or destroying another country's air, land, and water quality, U.S. workers shouldn't have to compete against that company's imports nor have to compete in their market against unacceptable competitive conditions.

Our trade enforcement regime also needs to better account for what is effectively an unfair environmental subsidy to importers by avoiding the air, land, and water quality standards we've come to expect in America.

We also need to re-align our foreign aid tax dollars to ensure that American manufacturers benefit from our trade efforts. As we look to improve our trade relations we also need to foster underutilized economic potential. Procurement standards for international assistance dollars should mean "made in USA" stickers are the first beneficiary of our good will along with indigenous production opportunities. We also need to explore the growth potential of programs like the U.S.-Mexico Border Water

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<sup>3</sup> [Oxford Academic](#), "Consequences of the Clean Water Act and the Demand for Water Quality", *The Quarterly Journal of Economics*, Volume 134, Issue 1, February 2019, Pages 349–396.

<sup>4</sup> [Politico](#), Democrats look to Peru deal for answers to USMCA labor woes, December 20, 2018

Infrastructure Grant Program for best practices on reducing raw wastewater in our trading partner countries.<sup>5</sup>

## **Trade Enforcement**

No other single organization has been as active on trade enforcement as the United Steelworkers. The USW has been a supportive party to around one in four anti-dumping and countervailing duty orders currently in place right now. Our members and leadership have testified in person at the International Trade Commission hundreds of times, explaining the impacts that illegally dumped and subsidized imports have had on local communities, our manufacturing plants, and our members. We have pressed for updated trade enforcement laws, recognizing that importers and foreign governments have found creative loopholes to access our market and capture market share at the expense of our companies and American workers. Just the same as you update your smart phone's software every few months for security reasons, we need to update our trade laws to be responsive to modern trading regimes.

USW strongly supports and urges passage of the Leveling the Playing Field Act 2.0 (H.R. 6121) introduced by Representative's Sewell and Johnson. These trade law updates ensure that workers and their employers can fairly compete and better address third country subsidies, like when the People's Republic of China expands anti-competitive manufacturing of goods into third countries. Ensuring quick, responsive trade enforcement reduces the incentives to build excess, unproductive, and carbon intensive manufacturing that is designed to steal market share from U.S. producers.

We also need to ensure that our trade enforcement laws are not undermined by short term goals of clean technology deployment. Our future energy security relies upon manufacturing. The concentration of supply chains in just a few countries has led to low labor standards, forced labor, and an inability of new participants to enter the market without significant government support, in addition to threats to our national security.

## **232 Tariffs and the Global Arrangement**

The 232 tariffs for steel and aluminum have been a critically important tool to protecting American steel and aluminum workers. The union has shown its flexibility by working in a tripartite fashion with industry and government to try and lower trade tensions between our allies, while not undermining our domestic supply chains or national security. The USW has supported the 232 arrangements with the UK, Japan and, particularly important to this hearing, the EU. The EU-U.S. commitment to a two-year long further negotiation under the so called "global arrangement" has the

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<sup>5</sup> [U.S. Environmental Protection Agency](#), "U.S.-Mexico Border Water Infrastructure Grant Program", Last updated on August 29, 2022.

potential to limit excess global capacity and the carbon intensity from manufacturing steel and aluminum.<sup>6</sup> We are now a year since the announcement of the global arrangement and global turmoil only highlights the need for our European Allies to seriously engage with the U.S. to create a sustainable path forward.

For decades, the USW has highlighted the need to address anti-competitive excess capacity in the global steel and aluminum market. The union has supported using every tool in our country's economic arsenal to defend against excess and non-market economy steel. Whether it is being a supporter of anti-dumping and countervailing duty orders, section 201 or 232 relief, or participating at global forums like the OECD steel committee, the USW has been an advocate for policy that will ensure a strong and vibrant domestic steel industry that is globally competitive.

The South East Asian Iron and Steel Institute in a report to the Organization for Economic Co-operation and Development (OECD) this last year highlighted that 90 million tons of new integrated steel capacity is coming online in the South East Asian region. That is comparable to the entire annual production of the United States. Much of this investment is fueled by Foreign Direct Investment (FDI) from the People's Republic of China and by building integrated furnaces without greenhouse gas control technologies that U.S. firms are working to deploy at integrated mills. As a result, the carbon intensity of steel making in South East Asia is expected to explode at least three times by 2026.<sup>7</sup>

Global arrangement negotiations with the EU must ensure that serious limits are put on non-market excess capacity and carbon intensive steel products while ensuring that the U.S. industry is not threatened by a flood of imports from China, Europe, or any other part of the world. Negotiators also must ensure that one method of production is not pitted against another, namely integrated steelmaking versus electric arc furnaces. The economy needs both forms of steelmaking for a number of reasons including the variety in the grades of steel produced, the availability of scrap, and the high skilled jobs that are the economic engines of steel communities across this country.

In addition to taking strong stances in negotiations, this body and the Biden Administration also need to be willing to re-impose penalties if necessary. There has been an 18.9 percent increase in steel product imports from the EU since the agreement to suspend 232 duties.<sup>8</sup> This has impacted prices and mill operating capacity. We should work with our global allies as much as possible, but also

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<sup>6</sup> [U.S. Congressional Research Service](#), "What's in the New U.S.-EU Steel and Aluminum Deal?" November 12, 2021.

<sup>7</sup> [Organisation for Economic Co-operation and Development](#), "The ASEAN Steel Industry Development: Investment and Green Industry Challenges", March 30, 2022.

<sup>8</sup> [American Iron and Steel Institute](#), "Steel Imports Up 7.2% In October vs. September Finished Import Market Share YTD at 24%", November 28, 2022.

recognize EU producers are also economic competitors if negotiations do not lead to meaningful results.

### **Indo-Pacific Economic Framework (IPEF), America's Partnership for Economic Prosperity (APEP), and Other Trade Initiatives**

Since the Biden Administration's announcement in October of 2021 that the U.S. will enter into a trade dialogue with countries in the Indo-Pacific region there has been significant speculation over the scope and possibilities that the initiative to improve the U.S. trade and foreign affairs in the region will produce. The four major IPEF pillars are split between the Department of Commerce and the United States Trade Representative, and create opportunities and potential challenges for American workers that are highly dependent on the final outcome of these negotiations.<sup>9</sup>

The USW, as a member of the Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC), has been an active participant in this stakeholder process as we work with the Biden Administration and Congress to ensure a worker centered trade agenda. To this end, the LAC submitted comments earlier this year on the IPEF.<sup>10</sup> While the union and the labor movement is focused on all pillars in the IPEF, for the subject of this hearing, the union wishes to emphasize attention on issues we see as vital to ensuring a successful Pillar III, which is the Clean Energy, Decarbonization, and Infrastructure pillar.

For the USW, global decarbonization strategies require a diverse set of technologies that reduce greenhouse gas emissions in existing sectors, while developing and manufacturing the next generation of technologies to power manufacturing and the economy in the future. To that end, this Congress has advanced policy to expand and fund many research and development (R&D), infrastructure, and deployment programs across technologies and government agencies over the past year and a half.

Successful reduction of greenhouse gas emissions in the U.S. economy means, (1) ensuring we maximize our manufacturing potential by building domestic clean technology supply chains for the U.S. and export markets, and (2) reducing greenhouse gas emissions through energy efficiency, carbon capture utilization and sequestration (CCUS), carbon dioxide removal, clean hydron development, and expansion of clean energy sources like nuclear, wind, solar, hydropower, and more. Congress and the Administration should also not shy away from ensuring existing technologies have the resources to reduce near term emissions.

Since our members' jobs are so closely connected to the specific provisions in IPEF Pillar III, the union supports broad dialogue and ongoing required engagement

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<sup>9</sup> [U.S. Trade Representative](#), "IPEF Trade Pillar", Accessed December 12, 2022.

<sup>10</sup> [U.S. Regulations](#), "Comment from Labor Advisory Committee", April 14, 2022.

with IPEF stakeholders. This means regular consultation and input domestically, but also the ability to ensure engagement between respective labor, business, and government to implement, monitor, enforce, and improve the agreement.

Ultimately, for the union, IPEF negotiations require recognition that a pairing of economic and climate policies requires action to ensure long term job stability and reduced GHG emissions. As I previously stated, U.S. industry has and continues to invest heavily to limit air, water, land, and climate pollution to ensure that our industry is among the cleanest in the world. We must ensure that IPEF countries meet or exceed those standards if they want access to our market.

Additionally, the U.S. should not permit the weakening of or accept any lack of enforcement of U.S. trade remedy laws as part of any agreement. This is particularly critical to the steel sector as there are 103 antidumping and countervailing duty orders in place on steel and steel products from IPEF countries.

The IPEF, it's Latin American and Caribbean counterpart Americas Partnership for Economic Prosperity (APEP), and other executive level trade efforts present unique opportunities and challenges regarding trade policy for Congress. The United Steelworkers, along with the broader labor movement, have traditionally urged broader Congressional oversight over trade. However, the traditional model that Congress has used for "oversight" on trade has been primarily a vehicle to expedite and lower the filibuster threshold on trade agreements that have been demonstrated as job killers for American workers. There needs to be a new model for Congress to ensure proper consultation on trade agreements and a recognition that previous Trade Promotion Authority (TPA) authorizations have produced sub-par trade agreements when it comes to labor and the environment.

### **Carbon Border Adjustment Mechanisms (CBAM)**

As the European Union begins reporting requirements under its proposed Carbon Border Adjustment Mechanism (CBAM) next year, it is important the Congress take stock of this effort and prepare for the implications for our domestic industry.

The primary objective for a CBAM is to prevent and reduce the risk of carbon leakage and associated production and employment losses. While the union understands the need for and supports strong climate action, many of our members' jobs could be at risk as a result of emissions reductions plans without strong, enforced trade measures to prevent leakage. It will be important for the United States to ensure these policies coordinate and recognize U.S. efforts to mitigate GHG emissions and do not unduly burden U.S. exports.

In the United States, our union has long supported efforts to limit carbon leakage of manufactured goods in any effort to fiscally account for carbon. However, we do not believe that a price on carbon is the only way to adjust for carbon intensity



at the border. Given that our members work in EITEs, our union stands ready to work with Congress to ensure that CBAM legislation meets the needs of American workers and their industries.

### **Domestic Legislation and Our Global Commitments**

The 117<sup>th</sup> Congress has debated and voted on some very consequential legislation. The investments made through the passage of the bi-partisan Infrastructure Investment and Jobs Act (IIJA, H.R. 3684), the Inflation Reduction Act (IRA, H.R. 5376), and the CHIPS Act of 2022 (H.R. 4346) have significant potential to expand domestic manufacturing, improve our supply chains, and are a major down-payment toward reducing our GHG emissions to fight climate change.

These bills have elements which expanded domestic procurement laws to ensure our tax dollars give a preference to American manufacturers, they encourage domestic investment in needed semi-conductors, and contain a roughly \$370 billion down payment which will, according to some estimates, get the U.S. two-thirds of the way to its emissions goals by the end of the decade.<sup>11</sup> This includes the Clean Vehicle Credit which has a final assembly in North America provision and a critical minerals provision which encourages domestic mineral extraction and processing.<sup>12</sup>

These pieces of legislation approved by Congress are critical to building secure, resilient supply chains that protect our energy, economic, and national security. USW supports these provisions and believes they should be defended against unnecessary trade attacks by foreign governments threatening trade challenges using outdated trade rules that could prevent environmental protection. For example, foreign governments may make efforts to invoke the World Trade Organization (WTO), which the union has long seen as a global body that has been extremely biased against the United States and a negative force to improving workers' rights, increasing democratic norms, and improving our environment. The U.S. has rightfully blocked appointees to the WTO appellate body because of overreach and identified areas of needed reform. It is a helpful reminder that WTO panels or its appellate body has ruled against the U.S. in defensive disputes around 90 percent of the time.<sup>13</sup>

### **Worker Training**

This committee is long familiar with the implications of trade on employment. The USW has long highlighted the negative effects of ineffective trade policy on workers. The union's primary goal is keeping our members working at the job they

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<sup>11</sup> [The Atlantic](#), "The Best Evidence Yet That the Climate Bill Will Work", August 3, 2022.

<sup>12</sup> [U.S. DOE Alternative Fuels Data Center](#), "Electric Vehicle (EV) and Fuel Cell Electric Vehicle (FCEV) Tax Credit", Accessed December 12, 2022.

<sup>13</sup> [Alliance for American Manufacturing](#), "WTO Disproportionately Targets U.S. Trade Enforcement Laws", Accessed December 12, 2022.

have today; but when negative trade impacts happen, our union is also at the forefront in ensuring workers get access to the most robust level of job training benefits available in the U.S. job training system.

At the outset, we also need to recognize that the U.S. spends far less on job training than most other wealthy nations. Prior to the pandemic, the U.S. spent just 0.03 percent of its growth domestic product (GDP) on worker training, according to the organization for Economic Co-operation and Development. That's less than a third of what OECD nations spent on average, or 0.10 percent.<sup>14</sup> The lack of an adequate safety net for workers facing transitions related to trade or climate policy exacerbates a host of other policy issues.

We have supported Trade Adjustment Assistance training, which provides up to two years of job training benefits for workers to retool, because ultimately these trade decisions were made with the knowledge that a percentage of workers could suffer negative consequences. TAA is successful. A recent longer-term study highlighted that workers who participated in the TAA program have approximately \$50,000 greater cumulative earnings ten years out.<sup>15</sup>

We urge Congress to renew this program as soon as possible. According to the Department of Labor, over 40,000 workers have lost access to benefits this year alone. This includes many USW members. This committee should act immediately to renew this program.

We have to approach efforts to address global climate change in a similar and more robust manner to ensure that workers are treated fairly in the energy transition. As previously stated, our union's goal is to keep all of our members in their current jobs. But when the worst happens and jobs are lost, those workers and communities need support, no matter whether the cause of the displacement was trade or the energy transition. Congress can learn from the TAA program and should pass legislation to support displaced energy workers as well.

## **Conclusion**

The work of this union has always reflected workers' desires for their workplaces and their communities, whether it is good pay and benefits, a safe workplace, or environmental protections that ensure they can enjoy their lives with their families and friends. Whether it is in our work today to ensure long-term investments in newer, clean technology in our members' manufacturing facilities or thirty-two years ago when the USWA Task Force on the Environment produced a report titled "Our Children's World: Steelworkers and the Environment" naming climate

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<sup>14</sup> [Politico](#), "'This is a crisis point': Job training deficit leaves critical jobs unfilled", May 26, 2022.

<sup>15</sup> [Mack Institute for Innovation Management](#), "Can Displaced Labor Be Retrained? Evidence from Quasi-Random Assignment to Trade Adjustment Assistance", November 20, 2018.

change as the most pressing issue for future generations, the USW has recognized the environment has similar global implications much like trade policy.<sup>16</sup>

Going forward, the Ways and Means Committee and Trade Subcommittee must diligently integrate environmental policy into trade policy. U.S. workers and manufacturers should not have to compete against goods made in jurisdictions that pollute the environment and abuse their workers. Congress has the potential to promote fairer global trade, retain good paying union jobs here in the U.S., and uplift workers globally.

Thank you and I look forward to answering any questions you may have.

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<sup>16</sup> [United Steelworkers](#), “Our Children’s World: Steelworkers and the Environment, The Report of the USWA Environmental Task Force”, Adopted August 30, 1990.